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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION**

In re:

Alpha Natural Resources, Inc., et al.,  
  
Debtors.

Chapter 11

Case No. 15-33896 (KRH)

(Jointly Administered)

**SUPPLEMENTAL DECLARATION OF KEVIN CARMODY IN SUPPORT OF  
APPLICATION OF THE DEBTORS, PURSUANT TO  
SECTIONS 327(a), 328(a) AND 1107(b) OF THE BANKRUPTCY CODE,  
BANKRUPTCY RULE 2014(a) AND LOCAL BANKRUPTCY RULE 2014-1, FOR  
AN ORDER AUTHORIZING THEM TO RETAIN AND EMPLOY MCKINSEY  
RECOVERY & TRANSFORMATION SERVICES U.S., LLC AS TURNAROUND  
ADVISOR FOR THE DEBTORS, EFFECTIVE AS OF THE PETITION DATE**

I, Kevin Carmody, under penalty of perjury, declare as follows:

1. On August 3, 2015 (the "Petition Date"), the Debtors commenced their reorganization cases by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). By order of the Court (Docket No. 129), the Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered. The Debtors are authorized to continue to operate their business and

manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. I submit this declaration (the "Supplemental Declaration") as a supplement to my declaration dated August 24, 2015, in support of the application (the "Application") of Alpha Natural Resources, Inc. ("ANR") and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), to retain and employ McKinsey RTS nunc pro tunc as of August 3, 2015, as Turnaround Advisor to the Debtors (the "Original Declaration") [Docket No. 129], in order to (a) amend its scope of services to the Debtors and (b) provide certain additional information.

3. I am making this Supplemental Declaration to provide certain clarifications and additional information as set forth below. Capitalized terms not expressly defined herein shall have the meanings ascribed to them in the Application and Original Declaration.

4. Except as otherwise noted, the statements set forth herein are as a result of my employment position and diligence undertaken by me or by professionals working under my direction and, if called and sworn as a witness, I would testify competently thereto.

5. The Debtors requested that McKinsey RTS expand the scope of its retention to include the additional services set forth in that certain amendment to the Engagement Letter effective as of October 19, 2015 attached hereto as Exhibit A (the "**Additional Services**");

- **Value Enhancement Plan** – Assist management in developing and implementing the Debtors' five-year strategic business plan, including various performance improvement and cost savings initiatives.

6. The Additional Services that McKinsey RTS provides will help increase the value of the Debtors' estates. To the best of my knowledge, the Additional Services do not

duplicate the services of any other professional that the Debtors have retained in these cases. In addition, McKinsey RTS will use reasonable efforts to coordinate its services with the Debtors and their other retained professionals to avoid the unnecessary duplication of services.

7. McKinsey RTS continues to monitor the list of parties on the Interested Parties List against its own client records. On this basis we disclose the following: in addition to the disclosures set forth in the Original Declaration: (a) members of the McKinsey RTS Team currently serve or in the past three years have served one Major Customer and one Major Competitor but in each case, such support did not relate to coal and was unrelated to the Debtors and these chapter 11 cases; (b) A member of the McKinsey RTS Team currently serves or in the past three years has served a portfolio company of one Insurer, Insurance Broker and Third-Party Administrator, a portfolio company of one Major Unsecured Noteholder, a portfolio company of one Revolving Facility Lender, and a portfolio company of one Secured Term Loan Lender, or affiliates thereof, but in each case on matters unrelated to the Debtors and these chapter 11 cases; (c) A member of the McKinsey RTS Team was previously employed, in the past three years, by one of the Other Major Suppliers of Goods and Services, but on matters unrelated to the Debtors and these chapter 11 cases; (d) A member of the McKinsey RTS Team served, through a past employer in the past three years, three Revolving Facility Lenders or their affiliates, three Secured Term Loan Lenders, three Depository & Disbursement Banks, and an affiliate of a Major Equity Holder, but on matters unrelated to the Debtors and these chapter 11 cases; and (e) members of an affiliate of McKinsey RTS that is supporting the Debtors serve or have served in the past three years four Major Competitors, two Major Customers of the Debtors, and one of the Parties to a Joint Venture with the Debtors on the Interested Parties List and one member of such affiliate, within the last three years, was employed by one Major Competitor on the

Interested Parties List, but in each case on matters unrelated to the Debtors and these chapter 11 cases.

8. McKinsey RTS reserves the right to further supplement its declarations in the event it becomes aware of any relationship or other information that requires disclosure.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: November 9, 2015  
Chicago, Illinois

/s/ Kevin Carmody  
Kevin Carmody  
Practice Leader  
McKinsey Recovery &  
Transformation Services U.S., LLC

Exhibit A

Amendment to Engagement Letter

AMENDMENT  
TO THE AMENDED AND RESTATED AGREEMENT  
BETWEEN  
MCKINSEY RECOVERY & TRANSFORMATION SERVICES U.S., LLC  
AND  
ALPHA NATURAL RESOURCES, INC.

This amendment (the "**Amendment**"), effective as of October 19, 2015 (the "**Effective Date**"), hereby amends and supplements the terms and conditions of the Amended and Restated Agreement by and between McKinsey Recovery & Transformation Services U.S., LLC ("**McKinsey RTS**") and Alpha Natural Resources, Inc. ("**Client**") dated as of August 3, 2015 (the "**Agreement**"). Any capitalized term not otherwise defined in this Amendment shall have the meaning ascribed to it in the Agreement.

WHEREAS, Client and McKinsey RTS desire to amend the Agreement as stated herein;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Section 1 to the Agreement shall be amended to add the following after the bullet entitled "Constituent Management":
  - "**Value Enhancement Plan** – Assist management in developing and implementing the Client's five-year strategic business plan, including various performance improvement and cost savings initiatives."
2. Except as otherwise set forth in this Amendment, all other terms and conditions set forth in the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, duly authorized representatives of the parties have executed this Amendment as of the Effective Date first written above.

Alpha Natural Resources, Inc.



Name: Philip G. Cavatoni  
Title: EXP

McKinsey Recovery &  
Transformation Services U.S., LLC



Name: Kevin Carmody  
Title: Practice Leader